

## SIX STEPS TO IMPROVE U.S.-THAI RELATIONS

### INTRODUCTION

**A**t the same time as American-led coalition forces began their ground offensive into Kuwait on February 23, Royal Thai army units were fanning out across Bangkok, Thailand's capital, seizing key government buildings and arresting Prime Minister Chatchai Choonhavan. As quickly as it began, Thailand's seventeenth military coup d'etat in the past 59 years toppled the democratically-elected Chatchai administration without any loss of life. Within one week, the coup leaders had organized an interim civilian government, promulgated a provisional constitution, and promised an early return to a civilian-led elected administration.

Concerned by the setback inflicted on Thailand's maturing democratic institutions, the United States Embassy in Bangkok on February 23 issued a statement expressing deep regret over the coup. Consistent with U.S. laws governing foreign aid, Washington immediately suspended its \$16.4 million in economic and military aid for fiscal 1991 to Bangkok until a democratically-elected government returns to power.

**Strong Friend.** For several good reasons, the Bush Administration is following events in Bangkok closely. The Thais long have ranked as one of Washington's strongest friends and allies in Southeast Asia; with shared interests, Thailand and America repeatedly have cooperated in defending parallel security concerns, most notably in Cambodia and Laos, and before that, in South Vietnam. Most recently, Thailand provided airbases for U.S. aircraft refueling on their way to the Persian Gulf. Bangkok also sent medical teams to Saudi Arabia to assist the U.S.-

led forces. In addition, Thailand's highly successful export-oriented economy is a model for the "junior" Newly Industrializing Countries, and has helped convince fellow members of ASEAN<sup>1</sup> to adopt more free market economic strategies. Thailand's cooperation with the U.S. in suppressing narcotics traffic, moreover, is key to confronting the opium warlords of the infamous Golden Triangle, the mountainous region where Burma, Laos, and Thailand touch.

Washington now faces a dilemma in its relations with Bangkok. On the one hand, Section 513 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act requires the Bush Administration to keep aid to Thailand suspended until Thai elections are held; this may not occur until April 1992. During this time, Washington will press Bangkok's military leaders to return as quickly as possible to democratic rule because of the stability it offers to Thailand and because of the example it sets for the one-party communist systems in Cambodia, Laos, and Vietnam. The U.S. can point out that Thailand saw its greatest economic gains during Chatichai's democratic administration.

On the other hand, the U.S. does not want to damage its close security relationship with Thailand. Such damage may result from the pressure Washington applies and prolonged cessation of U.S. aid. Many of the U.S. aid programs that have been suspended, moreover, such as International Military Education Training (IMET) funds, had exposed Thai military personnel to American democratic values and strategic interests, and have helped keep the Royal Thai Armed For-

## THAILAND

**Official Name** - Kingdom of Thailand

**Area** - 198,500 square miles; about the size of Colorado and Wyoming combined

**Capital** - Bangkok

**Population** - 55.5 million

**Ethnic Groups** - Thai: 75%, Chinese: 14%, other: 11%

**Religions** - Buddhist: 95.5%, Muslim: 4%, other: 0.5%

**Workforce** - 30.8 million: Commerce and Services: 20%; Manufacturing: 10%; Agriculture: 57%

**Imports**: \$25.3 billion; from U.S.: \$2.3 billion (1989)

**Exports**: \$20 billion; to U.S.: \$4.6 billion (1989)

**Natural Resources** - Tin, natural gas, tungsten, tantalum, timber

**Agricultural Products** - Rice, sugarcane, corn, rubber, tobacco

Source: Thomas J. Timmons, *U.S. and Asia Statistical Handbook 1990 Edition*, The Heritage Foundation, 1990; *The World Factbook 1990*, Central Intelligence Agency, 1990.

1 The Association of Southeast Asian Nations, composed of Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

ces equipped and trained with American weapons. In fact, the Thai military consistently has been the strongest proponent of mutual U.S.-Thai strategic interests in the region.

**Trade Friction.** The U.S.-Thai relationship also is complicated by recent trade friction. American pharmaceutical companies, among others, are dissatisfied with Thailand's poorly-enforced, or in some cases non-existent, patent protection laws. Counterfeits of American products, including pharmaceuticals, video cassettes, clothes, and computer software, are openly and widely available in Thailand. As a result, the U.S. Trade Representative (USTR) has received two petitions filed by American manufacturing associations against Thailand, which now must be investigated under the provisions of the so-called Super 301 clause of the 1988 Trade Law. These petitions charge Thailand with poor enforcement of patent protection for items like video cassettes and computer software and no patent protection for pharmaceuticals. Trouble, too, continues regarding Thai imports of American cigarettes. Despite last year's agreement between the USTR and Bangkok that ended Thailand's longstanding ban on cigarette imports, some U.S. tobacco companies like R.J. Reynolds Tobacco International charge that continued Thai discriminatory policies effectively block sales of their products to Thailand.

Washington and Bangkok clearly face complex and severe challenges to their bilateral ties until Thailand's next democratic elections, and even beyond. Until Bangkok holds elections, criticism of the Thai generals from the U.S. Congress, and possibly the State Department, is likely to grow. Though tempted to pressure the Thais to return to democratic rule, the Bush Administration must balance this with the need to retain America's security relationship with Bangkok and its military. Washington also must recognize that heavy pressure or isolation of Thailand could damage important U.S.-Thai cooperative programs like narcotics suppression and joint military exercises. Heavy pressure from Washington also could cause Bangkok to retaliate by refusing to settle contentious trade issues.

To overcome these challenges, the U.S. should craft measured policies to nudge Thailand back toward democracy while safeguarding U.S.-Thai bilateral ties. These policies require six steps:

- Step #1:** Urge Thailand quickly to set a date for democratic elections.
- Step #2:** Press the interim Thai government to ratify strict anti-narcotics laws.
- Step #3:** Urge the interim government to take temporary measures to increase protection of copyrights, patents, and other intellectual property.
- Step #4:** Press the interim government to remove remaining barriers to cigarette imports.
- Step #5:** Negotiate with Thailand expanded landing rights for U.S. military planes and repair facilities for U.S. warships to help offset the likely closing of U.S. military bases in the Philippines.

**Step #6:** Work closely with Thai leaders to press the Phnom Penh regime to reach a comprehensive settlement of the Cambodian war this year.

## A HISTORY OF COUPS

As with the militaries in other Asian nations like Indonesia, Pakistan, and until recently the Republic of Korea, the Thai military is the most powerful and coherent institution in the country. With only brief exceptions, the Royal Thai Armed Forces has either directly or indirectly ruled Thailand since the end of World War II. Changes in Thailand's military-dominated leadership typically have occurred through coups d'etat. Typically, too, Thai coups are bloodless, with the deposed leader sent unharmed into exile until the next coup or election.

From 1945 to 1980, there were fourteen coups in Thailand. Since then, they have been less frequent. This relative stability began with the rise of Prime Minister Prem Tinsulanond, a former general who in 1980 replaced Kriangsak Chomanan as unelected leader. In Prem's eight-year rule, during which the Thai economy began its export-led boom, coups were attempted in 1981 and 1985. Neither came close to success, prompting many observers inside and outside Thailand to speculate that the country's political succession problem perhaps had matured beyond coups.

In August 1988, Prem allowed democratic elections, the first in twelve years. Chosen as Thailand's new prime minister and replacing Prem who voluntarily yielded power, was Chatichai Choonhavan, another former general. In his first year in office, Chatichai maintained excellent relations with the military, while at the same time helping lead the Thai economy toward record-setting double-digit growth. Early last year, however, civilian-military relations began to fray. At issue were successive personal feuds between several of Chatichai's advisors and top generals. To make matters worse, Chatichai turned a blind eye to corruption within his administration, which was overwhelming even by Thai standards. So intense became the strains that Chatichai briefly resigned last December, only to return to his post a few hours later.

**Breaking Point.** By early this year, the Chatichai-military standoff was at a breaking point. For its part, the Royal Thai Armed Forces had grown more unified than ever, since many key commanders hailed from the fifth (1958) graduating class of the Thai Military Academy. In the Thai army, such class affiliation is even more important than branch of service in determining loyalties.

Despite the overwhelming power wielded by the military's Class 5, Chatichai this January allegedly covered up a newly-discovered 1982 plot by renegade army officers from a rival military class to assassinate Prime Minister Prem and the Queen. Class 5, which was demanding a full investigation, was infuriated by the reported cover-up. Finally, in mid-February, Chatichai gambled by naming as

Deputy Defense Minister Athit Kampang-ek — long a nemesis of Class 5. It was this that sparked the February 23 coup.

In the immediate wake of the coup, the constitution was abolished, the appointed Senate and elected National Assembly were dissolved, and martial law was declared. Chatichai, Athit, and a small number of government officials and advisors were briefly detained and released; Chatichai soon flew to exile in Switzerland.

To rule the country, Thailand's top military leaders formed what they call the National Peacekeeping Council (NPC); dominating the NPC is General Suchinda Khraprayn, a Class 5 graduate. The NPC at first promised to end martial law and hold elections within six months; the generals have now hinted elections may be delayed another eight months, to April 1992. In addition, the NPC appointed an interim civilian government, which was approved by King Bhumibol Adulyadej on March 2. Named Prime Minister was Anan Panyarachun, a former Ambassador to the U.S.; the Foreign Minister is Asa Sarasin, another former Ambassador to the U.S.

## A RECORD-SETTING ECONOMY

Though often eclipsed by Japan and the so-called Four Tigers or Newly Industrializing Countries (NICs) of Hong Kong, the Republic of China on Taiwan, the Republic of Korea, and Singapore, Thailand has become one of Asia's great economic success stories. Between 1965 and 1980, the Thai gross domestic product grew by an average of 7.2 percent annually. In the 1980s, the economy shifted from largely agricultural production toward export industries like integrated circuits and textiles. Through this transition, Thailand maintained an annual average 6 percent gross domestic product growth from 1980 to 1987. In the following three years, Thailand boomed, growing at or above 10 percent each year.

Thailand owes its economic success to several factors. First, the 1984 devaluation of its currency, the *baht*, gave Thai exports a cost advantage over the U.S. dollar and the Japanese yen. Second, cheap Thai labor poured into the new export industries; this came at a time when labor costs were rising within the NICs. Last, the NICs began graduating into more capital- and technology-intensive production, leaving a vacuum for "junior" NICs like Thailand to fill.

**Gulf War Setbacks.** By late last year, Bangkok was forecasting yet another year of strong economic growth. Key to this prediction was the anticipated arrival this year of 6 million tourists, up from an average 2 million in the previous decade. These predictions, however, were dashed by the Gulf War. Suddenly Thailand faced soaring oil prices and no-show tourists. Bangkok, in particular, was identified by U.S. intelligence as a target for Arab terrorists. In addition, unemployment surged as Thai workers streamed home from the Persian Gulf.<sup>2</sup>

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2 *Financial Times*, February 6, 1991.

The Gulf War's quick end is thus good news for Bangkok. Tourism already has rebounded. The Kuwait government is asking for double the previous number of Thai workers, totalling 16,000, to assist in reconstruction. This year's gross domestic product growth, which had been revised down to only 7 percent, has been revised upwards to 8.5 percent.<sup>3</sup>

Still, problems lurk for the Thai economy. For one thing, Thailand's business and manufacturing infrastructure, concentrated around Bangkok, is stretched thin and could stifle further expansion. For another thing, Thailand is short of skilled labor; only 30 percent of Thai teenagers are enrolled in secondary schools, a share considerably lower than that in Indonesia, Malaysia, and the Philippines. If Thailand expects to graduate into more capital- and technology- intensive industries, more skilled labor is needed.

## **CLOSE AMERICAN-THAI SECURITY TIES**

U.S. security relations with Bangkok consistently have been among the closest in Southeast Asia. As early as 1950, the U.S. established in Thailand a covert advisory mission called the Overseas Southeast Asia Sea Supply Company. Its staff conducted such sensitive operations as training Vietnamese military units from French Indochina and combatting armed Chinese bandits smuggling opium along the Burmese frontier. So close was the U.S.-Thai relationship that three American citizens were officially commissioned within the Thai Border Patrol Police; one even attained the rank of colonel. During 1951-1953, Thailand deployed an infantry regiment to fight alongside Americans in the Korean War.

By the late 1950s, America and Thailand were working together to keep Laos from falling to communist insurgents. In 1959, a U.S.-funded training program was opened in Lopburi, Thailand, for Laotian military units. At the same time, Thai intelligence teams crossed into Laos to gather information on the status of the Royal Laotian Army, and on the threats posed by the communist Pathet Lao. Later, these teams evaluated the situation in Cambodia.

**Joining Against Communism.** During the 1960s, as communist forces gained ground in Laos, Thailand's training program for Laotian government troops expanded from Lopburi to sites at Hua Hin, Pranburi, and Phitsanulok. When Washington requested other Asian nations to send military units to fight in South Vietnam, Thailand dispatched the Queen's Cobras Regiment, later expanded into the Black Panther Division. In addition, Bangkok gave Washington de facto control over the Thai airbases at Korat, Nakhon Phanom, Takhli, Ubon, Udorn, and U-Taphao for use in the bombing campaigns over the Ho Chi Minh Trail — the communist supply conduit running through eastern Laos into South Vietnam — and North Vietnam. Three more massive airfields were constructed in north-eastern Thailand to be used as emergency crashpits for B-52 bombers returning from combat operations. A sprawling U.S. intelligence collection center, the

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3 FBIS-EAS-91-045, March 7, 1991, p. 67.

